

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL AND PERIODICALS
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-1

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS STEPHEN B.
HAGENSTEIN TO GREETING CARD ASSOCIATION INTERROGATORIES
GCA/USPS-T3-1 THROUGH 3
(May 24, 2021)**

The United States Postal Service hereby provides responses of witness Stephen B. Hagenstein to the above listed interrogatories. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
INTERROGATORIES OF GREETING CARD ASSOCIATION**

GCA/USPS-T3-1. Please refer to page 6 of your prefiled testimony, where you state that “Furthermore, differing CETs for FCM and packages, leading to separate networks for separate products, has reduced utilization efficiency.”

- a. Are differing CETs for FCM and packages the sole cause of separate networks?
- b. If your answer to (a) is negative, please describe the other causes of separate networks.

RESPONSE [double-spaced]:

- a. The differing CETs for First-Class Mail and First-Class Package Service is the cause of dispatching on different networks.
- b. N/A

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INTERROGATORIES OF GREETING CARD ASSOCIATION**

GCA/USPS-T3-2.

- a. At page 8 of your prefiled testimony, you state that First-Class volume used as an input is based on the second-highest Wednesday in the month of March 2020. Please explain fully the reasons for choosing this day's volume as the input for the modeling.
- b. At the same page, you state that package volume used as an input is based on the second-highest Wednesday in October 2020. Please explain fully the reasons for choosing this day's volume as the input for the modeling.

RESPONSE:

- a. The second highest Wednesday in March was selected because March is historically an average month of the year and Wednesday is an average day of the week.
- b. The second-highest Wednesday in October was selected for package volume to represent the growth realized due to the COVID pandemic. Package volume was observed to increase dramatically in March 2020, then started declining in June before plateauing in the September and October timeframe. The assumption was that October would be representative of a new base package volume.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HAGENSTEIN TO
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GCA/USPS-T3-3.

- a. Please refer to page 20 of your prefiled testimony. Footnote 20 on that page indicates that the “rural”/“urban” distinction discussed on that page and illustrated in the graphic refers to the *destination* point as either “rural” or “urban.” Does the model produce, or allow for the production of, results showing the distribution between “rural” and “urban” of *origination* points for the subject mail?
- b. If your answer to part (a) is affirmative, please provide the distribution, as between “rural” and “urban” origination points, for the subject mail.
- c. If your answer to part (a) is negative, are you aware of any estimate or assumption used by the Postal Service with respect to the distribution between “rural” and “urban” of origination points for the subject mail? If so, please (i) describe the estimate or assumption, and (ii) state whether, to your knowledge, that estimate or assumption was used in developing the plan for changed First-Class service standards; and, if it was, how it was used.

RESPONSE:

- a. Yes.
- b. 39% of originating mail from rural areas¹ my testimony is expected to be downgraded. 38% of originating mail from urban areas is expected to be downgraded. Please see the Excel spreadsheet filed in USPS-LR-N2021-1-18.
- c. N/A

¹ For the definition of rural and urban, see Direct Testimony of Stephen B. Hagenstein on Behalf of the United States Postal Service (USPS-T-3), Docket No. N2021-1 (Apr. 21, 2021), at p. 24, fn 20.